

Message Text

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21

ACTION NEA-10

INFO OCT-01 IO-10 ISO-00 AF-06 ARA-06 EA-06 EUR-12 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-03 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 FRB-03 PA-01 PRS-01 /134 W

----- 096121

R 190755Z JUN 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 2082

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BAGHDAD

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

USMISSION EC BRUSSELS

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E.O. 11652: NA

TAGS:ENRG IR

SUBJ: CONSORTIUM MEMBERS TALKS WITH NIOC

REF: (A) TEHRAN 5253; (B) TEHRAN 4965

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1. WELDON KRUGER OF EXXON CALLED EMBOFF JUNE 18 TO REPORT ON
MEMBERS' TEAM'S DESICSSIONS WITH AMOUZEGAR, GOI OPEC REP. KRUGER
SAID MEMBERS REPS TALKED WITH AMOUZEGAR FOR ABOUT ONE HOUR.
QMOUZEGAR INITIALLY COMMENTED ON OPEC CONFERENCE IN LEBREVILLE,

CLAIMING GOI DESERVES FULL CREDIT FOR BLOCKING LINK OF OIL PRICES TO SDR. KRUGER NOTED THAT "A NUMBER OF OTHER GOVERNMENTS HAVE MADE SAME CLAIM TO COMPANIES." RE SULPHUR PREMIUM ADJUSTMENT, AMOUZEGAR TOLD COMPANIES OPEC PERSIAN GULF EXPERTS WILL MEET TOGETHER SOON TO WORK THIS OUT. COMPANIES PRESSED HIM AS TO WHEN MEETING WOULD TAKE PLACE. AMOUZEGAR DELIBERATELY VAGUE, BUT ALLOWD THAT EXPERTS MAY MEET IN EARLY JULY AND "HIGHER-UPS" WOULD MEET SUBSEQUENTLY, PERHAPS IN AUGUST. KRUGER WAS LEFT WITH IMPRESSION THAT OPEC MAY ADJUST QUALITY AND LOCATION PREMIUMS IN CONJUNCTION WITH PRICE INCREASE TO BE DECIDED IN SEPTEMBER.

2. RE PROVISION OF CAPITAL PROBLEM: AMOUZEGAR REMINDED COMPANIES THAT SHAH HAD EXPRESSED SYMPATHY FOR THEIR POSITION, BUT SAID HE NEEDED "SOMETHING IN RETURN." AFTER SOME BEATING AROUND BUSH, AMOUZEGAR SUGGESTED PERHAPS COMPANIES, IN RETURN FOR SOLUTION OF CAPITAL PROBLEM, MIGHT MAKE SOME GESTURE OR COMMITMENT ON LIFTINGS. COMPANIES SAID THAT IN PRESENT MARKET SITUATION THIS WOULD NOT BE POSSIBLE. AMERICAN MEMBERS PARTICULARLY HAD SEVERAL PROBLEMS WITH AMOUZEGAR'S EARLIER SUGGESTION (SEE REFTEL A) THAT MEMBERS BORROW THEIR SHARE OF CAPITAL FROM CBI. (NOT LEAST OF THESE PROBLEMS WAS AMERICAN COMPANIES' VIEW THAT SUCH BORROWING WOULD DISTORT THEIR FINANCIAL PICTURE AS REPORTED ON BALANCE SHEETS, POTENTIALLY CAUSING PROBLEMS WITH USG REGULATORY AGENCIES.) MEMBERS SUGGESTED THAT PARTIAL SOLUTION TO CAPITAL PROBLEM MIGHT BE GOI REPAYMENT OF COMPANIES' MARCH 1973 TO MARCH 1974 OVERFUNDING OF CAPITAL EXPENDITURES. (DEPARTMENT WILL REMEMBER THAT UNDER 1973 CONSORTIUM/NIOC AGREEMENT, MEMBERS AGREED TO PROVIDE 100 PER CENT OF CAPITAL FOR FIRST YEAR ONLY.) THIS WOULD AMOUNT TO SOME \$90 MILLION WHICH NIOC WOULD CONTRIBUTE TO PRESENT YEAR'S BUDGET ON BEHALF OF MEMBERS. THIS IS ABOUT HALF OF THE AMOUNT ON WHICH MEMBERS WERE REQUESTING RELIEF FOR SECOND HALF OF 1975.

3. AMOUZEGAR CALLED MEMBERS AFTERNOON OF JUNE 18 TO REPORT THAT NIOC CHAIRMAN DR. EGHBAL HAD REPORTED "REPAYMENT OF OVER-FUNDING" PROPOSAL TO SHAH THAT MORNING. AMOUZEGAR SAID SMALL HITCH HAD DEVELOPED BUT INDICATED IT WAS MINOR AND NEED LIMITED OFFICIAL USE
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NOT POSTPONE TEAM'S PLANNED DEPARTURE. TEAM'S FEELING WAS THAT "HITCH" PROBABLY IS SOME "MECHANICAL" PROBLEM RELATED TO NIOC BUDGET. IN SHORT, TEAM'S MEETINGS ON THIS TRIP INCONCLUSIVE, BUT HOLD PROMISE OF PROGRESS TOWARD SOLUTION OF COMPANIES' PROBLEMS IN IRAN.
HELMS

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